

**RECORD OF PROCEEDINGS  
MINUTES  
of the  
Board of Water Commissioners**

Denver Water Administration Building  
1600 West 12<sup>th</sup> Avenue  
Denver, CO  
Board Room, Third Floor

**Wednesday, October 11, 2017**

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**Open Session**

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, October 11, beginning at 9:00 a.m. in the Board Room, Room 309, 1600 West 12<sup>th</sup> Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

**Paula Herzmark, President**  
**John R. Lucero, First Vice President**  
**H. Gregory Austin, Vice President**  
**Gary M. Reiff, Vice President**  
**Craig Jones, Vice President**

Board employees and others present during portions of the meeting were:

J.A. Anderson, Chief of Staff	K. Bates, Attorney
A.C. Bricmont, Chief Financial Officer	S. Chesney, Public Affairs Manager
G. Cagle, Chief Human Resources Officer	P. Coleman, Chief Internal Auditor
C.R. Dermody, Chief Information Officer	P. Daukas, Planning Manager
B.D. Good, Chief Administrative Services Officer	R. Davis, Finance Analyst
M. King, Chief External Affairs Officer	S. Dominick, Engineer Sr.
J.S. Lochhead, CEO/Manager	M. Faulkner, Director Human Resources
R.J. Mahoney, Chief Engineering Officer	P. Freeman, Finance Sr. Analyst
T.J. Roode, Chief Operations and Maintenance Officer	D. Hamm, Division Analyst
P.L. Wells, General Counsel	V. Hernandez, Talent Specialist
S. Abram, Budget Manager	J. Lorton, Accounting Manager
J. Alexander, Environmental Sr. Scientist	A. Rettig, Finance Supervisor
A. Antolovich, Engineering Manager	A. Turney, Director Engineering - Property
	R. Wirth, Finance Supervisor
	B. Bowman, Metropolitan State University

*Denver Water aspires to be the best water utility in the nation.*

Integrity :: Vision :: Passion :: Excellence :: Respect



C. Lane, Platte Canyon Water & Sanitation  
District

## INTRODUCTORY BUSINESS

Commissioner Herzmark called the meeting to order at 9:15 a.m.

### Public Comment and Communications

Commissioner Herzmark issued an invitation to members of the public to comment to the Board on any matters not included in the Agenda for the meeting. There was no response

### Introductions, Awards and Ceremonies

Commissioner Herzmark introduced Mr. Jones, newly appointed Commissioner to the Board of Water Commissioners, stating that the Board is optimistic and excited to welcome him.

Ms. Faulkner introduced Ms. Hernandez, newly hired Human Resources recruiter. Ms. Hernandez, who previously worked for the City & County of Denver, stated that she is very happy to be at Denver Water.

## ACTION ITEMS

Upon motion regularly made, seconded and unanimously carried by the Commissioners then present, unless otherwise noted, the Board acted upon the following agenda items.

Commissioner Jones recused himself from voting on Items II-A-1 through II-A-III, as he was not present at either September Board Meeting.

**1. ITEM II-A-1: MINUTES OF SEPTEMBER 13, 2017**

The Minutes of the Open Meeting of September 13, 2017 were approved.

**2. ITEM II-A-2: MINUTES OF SEPTEMBER 27, 2017**

The Minutes of the Open Meeting of September 27, 2017 were approved.

The Minutes of the Executive Session of September 27, 2017 were approved.

3. **ITEM II-A-3: FOURTH AMENDMENT TO GALLAGHER BENEFIT SERVICES REGARDING POTENTIAL OUTSOURCING OF BENEFITS ADMINISTRATION**

Approved the Fourth Amendment to Contract 16347A with Gallagher Benefits Services, Inc. The Amendment adds \$80,000, for a total amended contract amount not to exceed \$815,000.

4. **ITEM II-A-4: RATIFICATION OF CONSTRUCTION CONTRACT CHANGE ORDERS AMENDMENTS, AND PROFESSIONAL SERVICES AGREEMENT AMENDMENTS**

Ratified Construction Contract Change Orders, Amendments, and Amendments to Agreements authorized in August and September, 2017 as follows:

1. Change Order No. 5 to Contract 15547A with Aslan Construction, Inc. for the Moffat Treatment Plant Centrifuge Dewatering System;
  2. Fifth Amendment to Contract 15630B with Mortenson Construction for the OCR Project Work Package NO. 1 – General Condition and Site Work;
  3. First Amendment to Contract 15979A with MWH Constructors for the Hillcrest Reservoir Basin Replacements Work Package No. 3 – Tanks;
  4. Change Order No. 2 to Contract 16685A with Garney Construction for the Marston and Moffat Treatment Plants Chlorine Scrubber Modifications;
  5. Change Order No. 1 to Contract 17023A with Beartooth Jetting and Video Inspection, LLC for Gross Dam and Strontia Springs Dam Foundation Cleaning; and
  6. First Amendment to Contract 17117A with Harrison Western Construction Corporation, Inc. for Cheesman Rock Stabilization
5. all as more particularly described in the attachment to Agenda Item ITEM II-A-IV.

6. **ITEM II-B: FOUR MILE MITIGATION BANK DEED RESTRICTION RESOLUTION**

Approved a Declaration of Restrictions, designating 116 acres of property at the Four Mile Ranch site protected as a fen/wetland preserve area and restricting the use of said land in compliance with the Declaration of Restrictions pursuant to the 2007 Bank Enabling Instrument (BEI). A copy of the Declaration is attached to and incorporated in these Minutes as Exhibit A.

Ms. Alexander presented the Board with information about the Mitigation Bank, a copy of which is attached to and incorporated in these Minutes as Exhibit B. She explained that when Denver Water purchased the affected property in 1976 it had experienced heavy agricultural use, and that in 2003 Denver Water had the opportunity to restore the wetland habitat and create a single-user Wetland Mitigation Bank, which is a legal mechanism authorized by the Corps of Engineers to compensate for wetland impacts regulated under Section 404 of the Clean Water Act. The restoration has exceeded expectations, resulting in 68.1 acres of wetlands and 54.1 total bank credits, 3.36 of which will be used to offset impacts from the Gross Reservoir Expansion project. The Declaration of Restrictions represents the final step of the 2007 BEI establishing the Mitigation Bank.

### **POLICY MATTERS**

7. **ITEM III-A: 2018 FINANCIAL PLAN AND RATE PROCESS**

The Board received a presentation of the 2018 Financial Plan and Rate Process, a copy of which is attached to and incorporated in these Minutes as Exhibit C.

Ms. Wells explained that the City Charter grants rate-making authority to the Board (interpreted by the 1996 *Bennett Bear Creek* decision to be legislative authority), and contains language regarding the setting of rates both within and outside of the City. Rates imposed within the City must be as low as good service will allow, uniform and related to the cost and volume of the water provided. No discounts or special rates are permitted. Rates imposed outside of the City must recover the full cost of providing service plus an additional amount to be determined by the Board. Recently, Denver Water and its distributors have come to agreement that the additional rate will be a multiplier.

Mr. Davis explained that the five year financial plan, which will be presented to the Board later this year, is premised upon forecasted operations and capital expenditures, debt service, target reserves, the debt to asset ratio, anticipated revenues and annual rate increases of 3%. The Commissioners remarked that this plan is consistent with previous policy decisions and should provide predictability for customers.

## EXECUTIVE UPDATE

### 8. ITEM IV-A: CEO UPDATE

Mr. Lochhead invited the Commissioners to attend a campus tour on October 25, prior to the scheduled Board meeting.

He also remarked that he attended the Colorado River Symposium, at which Minute 323 was executed by the United States and Mexico. The Minute sets the foundation for the seven Colorado basin states and the Department of the Interior to develop and implement drought contingency plans, with a goal for increasing water levels in both Lakes Mead and Powell.

### 9. ITEM IV-C: OPERATIONS UPDATE

Mr. Dermody remarked that ORCA increment two is currently underway, with full implementation anticipated by the end of October, 2017. Increment three, focusing on project reporting, will begin in 2018.

Mr. Mahoney said that the State Engineer's Office has approved Denver Water to close-out construction on the Antero Reservoir project.

## BRIEFING PAPERS & REPORTS

### 10. ITEM V-A: ADOPTION OF LIMITED TERM EMPLOYEE CLASSIFICATION

The Board received a Briefing Paper regarding the Adoption of Limited Term Employee Classification, a copy of which is attached to and incorporated in these Minutes as Exhibit D.

## ADJOURNMENT


No further business appearing, the Board voted unanimously to adjourn into an Executive at approximately 10:25 a.m.

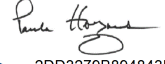
### EXECUTIVE SESSION

On Wednesday, October 11, 2017 , commencing approximately at 10:33 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners met in Executive Session. The following matters, which are authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34, were discussed during the Executive Session:

1. Attorney-Client Matters § 24-6-402(4)(b)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 11:25 a.m.

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Secretary

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President